

AMENDED IN SENATE MARCH 7, 2005

SENATE BILL

No. 6

Introduced by ~~Senator~~ Senators Ducheny and Denham
(Coauthors: Senators Battin, Florez, Kehoe, Kuehl, Lowenthal, and
Runner)
(Coauthors: Assembly Members Chan, Garcia, Hancock, Karnette,
La Malfa, Matthews, Parra, Salinas, and Vargas)

December 6, 2004

An act to amend Section 7073 of the Government Code, relating to enterprise zones, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 6, as amended, Ducheny. Enterprise zones: designation period.

The Enterprise Zone Act generally provides for the designation by the Department of Housing and Community Development of enterprise zones in the state, pursuant to which certain entities within the enterprise zone may receive regulatory, tax, and other incentives for private investment and employment. A designation is binding for a period of 15 years from the date of the original designation, except that the designation period for an enterprise zone designated pursuant to specified provisions of law prior to 1990 may total 20 years, subject to specified conditions.

This bill instead would specify that the designation period of any zone may total 20 years, subject to these conditions.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 7073 of the Government Code is amended to read:

7073. (a) Except as provided in subdivision (e), any city, county, or city and county with an eligible area within its jurisdiction may complete a preliminary application for designation as an enterprise zone. The applying entity shall establish definitive boundaries for the proposed enterprise zone and the targeted employment area.

(b) (1) In designating enterprise zones, the department shall select from the applications submitted those proposed enterprise zones that, upon a comparison of all of the applications submitted, indicate that they propose the most effective, innovative, and comprehensive regulatory, tax, program, and other incentives in attracting private sector investment in the zone proposed.

(2) For purposes of this subdivision, regulatory incentives include, but are not limited to, all of the following:

(A) The suspension or relaxation of locally originated or modified building codes, zoning laws, general development plans, or rent controls.

(B) The elimination or reduction of fees for applications, permits, and local government services.

(C) The establishment of a streamlined permit process.

(3) For purposes of this subdivision, tax incentives include, but are not limited to, the elimination or reduction of construction taxes or business license taxes.

(4) For the purposes of this subdivision, program and other incentives may include, but are not limited to, all of the following:

(A) The provision or expansion of infrastructure.

(B) The targeting of federal block grant moneys, including small cities, education, and health and welfare block grants.

(C) The targeting of economic development grants and loan moneys, including, *but not limited to*, grant and loan moneys provided by the federal Urban Development Action Grant program and the federal Economic Development Administration.

(D) The targeting of state and federal job disadvantaged and vocational education grant moneys, including moneys provided

1 by the federal Job Training Partnership Act of 1982 (Public Law
2 97–300).

3 (E) The targeting of federal or state transportation grant
4 moneys.

5 (F) The targeting of federal or state low-income housing and
6 rental assistance moneys.

7 (G) The use of tax allocation bonds, special assessment bonds,
8 bonds under the Mello–Roos Community Facilities Act of 1982
9 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
10 Division 2 of Title 5), industrial development bonds, revenue
11 bonds, private activity bonds, housing bonds, bonds issued
12 pursuant to the Marks–Roos Local Bond Pooling Act of 1985
13 (Article 4 (commencing with Section 6584) of Chapter 5),
14 certificates of participation, hospital bonds, redevelopment
15 bonds, school bonds, and all special provisions provided for
16 under federal tax law for enterprise community or empowerment
17 zone bonds.

18 (5) In the process of designating new enterprise zones, the
19 department shall take into consideration the location of existing
20 zones and make every effort to locate new zones in a manner that
21 will not adversely affect any existing zones.

22 (6) In designating new enterprise zones, the department shall
23 include in its criteria the fact that jurisdictions have been
24 declared disaster areas by the President of the United States
25 within the last seven years.

26 (7) When reviewing and ranking new enterprise zone
27 applications, the department shall give special consideration or
28 bonus points, or both, to applications from jurisdictions that meet
29 at least two of the following criteria:

30 (A) The percentage of households within the census tracts of
31 the proposed enterprise zone area, the income of which is below
32 the poverty level, is at least 17.5 percent.

33 (B) The average unemployment rate for the census tracts of
34 the proposed enterprise zone area was not less than five
35 percentage points above the statewide average for the most recent
36 calendar year as determined by the Employment Development
37 Department.

38 (C) The applicant jurisdiction has, and can document that it
39 has, a unique distress factor affecting long-term economic
40 development, including, but not limited to, resource depletion,

1 plant closure, industry recession, natural disaster, or military base
2 closure.

3 (c) In evaluating applications for designation, the department
4 shall ensure that applications are not disqualified solely because
5 of technical deficiencies, and shall provide applicants with an
6 opportunity to correct the deficiencies. Applications shall be
7 disqualified if the deficiencies are not corrected within two
8 weeks.

9 (d) (1) Except as provided in paragraph (2), or upon
10 dedesignation pursuant to subdivision (c) of Section 7076.1 or
11 Section 7076.2, a designation made by the department shall be
12 binding for a period of 15 years from the date of the original
13 designation.

14 (2) The designation period for any zone designated pursuant to
15 either this section or former Section 7085, as it read prior to
16 January 1, 1997, may total 20 years, subject to possible
17 dedesignation pursuant to subdivision (c) of Section 7076.1 or
18 Section 7076.2, if the following requirements are met:

19 (A) The zone receives a superior or passing audit pursuant to
20 subdivision (c) of Section 7076.1.

21 (B) The local jurisdictions comprising the zone submit an
22 updated economic development plan to the department justifying
23 the need for an additional five years by defining goals and
24 objectives that still need to be achieved and indicating what
25 actions are to be taken to achieve these goals and objectives.

26 (e) (1) Notwithstanding any other provision of law, any area
27 designated as an enterprise zone pursuant to Chapter 12.8
28 (commencing with Section 7070) as it read prior to January 1,
29 1997, or as a targeted economic development area, neighborhood
30 economic development area, or program area pursuant to Chapter
31 12.9 (commencing with Section 7080) as it read prior to January
32 1, 1997, or any program area or part of a program area deemed
33 designated as an enterprise zone pursuant to Section 7085.5 as it
34 read prior to January 1, 1997, shall be deemed to be designated
35 as an enterprise zone pursuant to this chapter. The effective date
36 of designation of the enterprise zone shall be that of the original
37 designation of the enterprise zone pursuant to Chapter 12.8
38 (commencing with Section 7070) as it read prior to January 1,
39 1997, or of the program area pursuant to Chapter 12.9
40 (commencing with Section 7080) as it read prior to January 1,

1 1997, and in no event may the total designation period exceed 15
2 years, except as provided in paragraph (2) of subdivision (d).

3 (2) Notwithstanding any other provision of law, any enterprise
4 zone authorized, but not designated, pursuant to Chapter 12.8
5 (commencing with Section 7070) as it read prior to January 1,
6 1997, shall be allowed to complete the application process started
7 pursuant to that chapter, and to receive final designation as an
8 enterprise zone pursuant to this chapter.

9 (3) Notwithstanding any other provision of law, any expansion
10 of a designated enterprise zone or program area authorized
11 pursuant to Chapter 12.8 (commencing with Section 7070) as it
12 read prior to January 1, 1997, or Chapter 12.9 (commencing with
13 Section 7080) as it read prior to January 1, 1997, shall be deemed
14 to be authorized as an expansion for a designated enterprise zone
15 pursuant to this chapter.

16 (4) No part of this chapter may be construed to require a new
17 application for designation by an enterprise zone designated
18 pursuant to Chapter 12.8 (commencing with Section 7070) as it
19 read prior to January 1, 1997, or a targeted economic
20 development area, neighborhood economic development area, or
21 program area designated pursuant to Chapter 12.9 (commencing
22 with Section 7080) as it read prior to January 1, 1997.

23 (f) Notwithstanding any other provision of law, a city, county,
24 or a city and county may designate a joint powers authority to
25 administer the enterprise zone.

26 (g) No more than 42 enterprise zones may be designated at
27 any one time pursuant to this chapter, including those deemed
28 designated pursuant to subdivision (e). Upon the expiration or
29 termination of a designation, the department is authorized to
30 designate another enterprise zone to maintain a total of 42
31 enterprise zones.

32 SEC. 2. This act is an urgency statute necessary for the
33 immediate preservation of the public peace, health, or safety
34 within the meaning of Article IV of the Constitution and shall go
35 into immediate effect. The facts constituting the necessity are:

36 In order for the designation period for eligible enterprise zones
37 to be extended pursuant to paragraph (2) of subdivision (d) of
38 Section 7073 of the Government Code, as amended by Section 1
39 of this act, in a timely manner, it is necessary for this act to take
40 effect immediately.

O